

KanCare Health Homes Payment Principles and Parameters

The KanCare health homes model is a partnership between KanCare managed care organizations (MCOs) and various health home partner (HHP) entities. These HHPs will vary according to the needs of the consumer and the expertise of the HHP.

Basic Payment Structure

1. The State will pay each MCO a “per member per month” (PMPM) payment for each member enrolled in a health home.
2. The MCO will contract with HHPs to provide some of the six core health home services. Some services may be provided jointly by the MCO and the HHP and some services will be provided by the MCO. All of this will be negotiated and described in their contract. Payment will also be negotiated. Most often, the MCO will likely pay the HHP an agreed-upon PMPM, but other arrangements (e.g., shared savings model, incentive payments for outcomes) may be negotiated. The State will review and approve such non-PMPM payment arrangements.

Payment Principles

1. State health home payments to the MCOs will be structured to be adequate in ensuring quality health homes services are sustainable.
2. MCO payments to HHPs will be structured to be adequate in ensuring quality health homes services are sustainable.
3. State health home payments to the MCOs will be actuarially sound.

Payment Parameters

In developing the health homes payments to the MCOs, the following may be taken into account, as applicable:

1. *Staffing Costs* – Some HHPs will need to hire additional staff to perform some of the six core services. The State will need to estimate the appropriate ratio of certain staff to health home member. This ratio could vary depending on the needs of the health home population.
2. *Geographic Variation* - Some health homes services may be more expensive in some parts of the state than others due to cost of living differences, transportation costs, ability to attract certain kinds of staff, etc.
3. *Consumer Needs* - Some health home members will be more expensive to serve than others. Payments may be tiered, or risk adjusted, based on age, acuity (the severity of a patient's conditions), or other demographic factors.
4. *Health Home Partner Size* - Because some small providers may be the only ones who can provide health home services in certain rural areas, consideration may be given to incentives to encourage small practices or agencies to become HHPs.